

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	Case No. 12-12020 (MG)
	)	
RESIDENTIAL CAPITAL, LLC, <u>et al.</u> ,	)	Chapter 11
	)	
Debtors.	)	Jointly Administered
	)	

**SUPPLEMENTAL DECLARATION OF MARY KATE SULLIVAN IN SUPPORT OF  
THE DEBTORS' APPLICATION UNDER SECTION 327(e) OF THE BANKRUPTCY  
CODE, BANKRUPTCY RULE 2014(a) AND LOCAL RULE 2014-1 FOR  
AUTHORIZATION TO EMPLOY AND RETAIN SEVERSON & WERSON PC AS  
SPECIAL CALIFORNIA LITIGATION COUNSEL TO THE DEBTORS,  
NUNC PRO TUNC TO MAY 14, 2012**

Pursuant to section 327 of the Bankruptcy Code, Bankruptcy Rule 2014(a) and 28 U.S.C.

§ 1746, Mary Kate Sullivan declares:

1. I am a member of the firm of Severson & Werson PC ("Severson & Werson"), which maintains offices for the practice of law at One Embarcadero Center, Suite 2600, San Francisco, California and in other cities in California. I am admitted to practice law before the Courts of California.

2. I submit this supplemental declaration (the "Supplemental Declaration") in support of the application (the "Application") filed by Residential Capital, LLC, *et al.* (each, a "Debtor," collectively, the "Debtors") seeking authorization to employ Severson & Werson as special California litigation counsel to the Debtors with respect to, *inter alia*, (a) defending claims brought by individual borrowers pertaining to consumer lending issues, including but not limited to, allegations of wrongful foreclosure, irregularities in the foreclosure process and other mortgage lending issues, (b) defending class action claims regarding alleging improprieties with loan origination and/or servicing, and (c) defending claims objections, contested relief from stay

motions and adversary proceedings related to consumer lending issues brought by individual borrowers in their respective bankruptcy cases, *Nunc Pro Tunc* to May 14, 2012, as described in greater detail below and in the Application, and to provide disclosures required under Bankruptcy Rule 2014(a).

3. The facts set forth in this Supplemental Declaration are based upon my personal knowledge, upon records maintained by Severson & Werson in the ordinary course of its business and which have been reviewed by me and/or by other members or employees of Severson & Werson at my direction, or upon information known by other members or employees of Severson & Werson and conveyed to me.

4. If I were called upon to testify, I could and would testify competently to the facts set forth herein based *inter alia* upon the aforesaid review and input. I am authorized to submit this Supplemental Declaration on behalf of Severson & Werson.

5. The Debtors seek to retain Severson & Werson as Special California Litigation Counsel pursuant to section 327(e) of the Bankruptcy Code, *Nunc Pro Tunc* to May 14, 2012, to permit Severson & Werson to continue its performance of legal services in connection with certain litigation issues, as set forth below and in the Application.

6. In its role as California litigation counsel, Severson & Werson, defends Debtors in consumer litigation pertaining to consumer lending and servicing issues. The issues raised in said litigation include allegations of wrongful foreclosure, irregularities in the foreclosure process, loan modification efforts, claims objections in borrower bankruptcies, contested relief from stay motions and adversary proceedings related to consumer lending issues brought by individual borrowers in their respective bankruptcy cases. Severson & Werson's familiarity with the policies, procedures and practices of the Debtors' loan origination and/or loan servicing practices in addition to Severson & Werson's extensive expertise and experience

in California consumer mortgage loan litigation makes Severson & Werson uniquely qualified and well suited to assist the Debtors as Special California Litigation Counsel. The matters handled by Severson & Werson are limited to California.

7. The scope of Severson & Werson's extensive prior engagement and anticipated continuing engagement by Debtors has not and will not include requests to provide services provided by other retained professionals. Severson & Werson has not been asked to, and does not intend to, provide services related to private securities litigation, interpretation or implementation of securitization documents or preparation or compliance with regulatory investigations. Rather, Severson & Werson's postpetition work will be comprised of continuing to represent the Debtors in connection with certain consumer litigation issues in California. Pre-petition, Severson & Werson was retained to handle all consumer mortgage related litigation in California. Accordingly, the services rendered and functions to be performed by Severson & Werson will not be duplicative of any bankruptcy-related work performed by Morrison & Foerster or of work performed by other retained professionals.

8. My original Declaration set forth the fact that, to the best of my knowledge, Severson & Werson, its members, attorneys and counsel have represented in the past, currently represent, and may in the future represent, creditors of the Debtors and various other parties in interest in these Chapter 11 cases. However, to the extent that Severson & Werson has represented any of the potential parties-in-interest listed on Schedule 2 of my original Declaration, Severson & Werson has not represented these parties in matters related to the Debtors' bankruptcy cases.

9. During the ninety (90) days prior to the Petition Date, Severson & Werson received payments for fees and expenses in the aggregate amount of \$1,690,351.82. Attached hereto as Exhibit 1 is a spreadsheet setting forth the schedule of the payments that comprise that

aggregate amount, including the invoice dates, numbers and amounts as well as the dates that the invoices were paid and the amounts paid.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: July 17, 2012  
San Francisco, California

  
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Mary Kate Sullivan  
Severson & Werson PC

**Exhibit 1**

**Severson & Werson Invoices Billed and Paid Between February 14, 2012 and May 14, 2012**

Account Number	Matter Name	Date	Invoice Number	Billed	Paid	Comments
7955.0043	Smith Dennison Const.	02/16/12	306382		\$3,240.00	Payment from Invoice 306382 billed 2/9/12
7955.0043	Smith Dennison Const.	03/08/12	309587	\$7,235.02		
7955.0043	Smith Dennison Const.	03/15/12	309587		\$7,235.02	
7955.0043	Smith Dennison Const.	04/12/12	312405	\$13,212.80		
7955.0043	Smith Dennison Const.	04/19/12	312405		\$13,212.80	

Account Number	Matter Name	Date	Invoice Number	Billed	Paid	Comments
19000	GMAC Rescap California Litigation	02/16/12	2012-1		\$416,666.00	Payment from invoice 2012-1 billed 2/1/12
19000	GMAC Rescap California Litigation	03/01/12	2012-2	\$416,666.00		
19000	GMAC Rescap California Litigation	03/15/12	2012-2		\$416,666.00	
19000	GMAC Rescap California Litigation	04/02/12	2012-3	\$416,666.00		
19000	GMAC Rescap California Litigation	04/19/12	2012-3		\$416,666.00	
19000	GMAC Rescap California Litigation	05/01/12	2012-4	\$416,666.00		
19000	GMAC Rescap California Litigation	05/10/12	2012-4		\$416,666.00	